



## Asia's New Wealth Club

by Geoff Hiscock  
Nicholas Brealey © 2000  
348 pages

### Focus

Leadership  
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### Take-Aways

- Asia has countless entrepreneurs and more than 100,000 U.S.-dollar millionaires.
- The combined net worth of Asia's top 100 billionaires is more than U.S. \$300 billion.
- Japan leads the region with 20 billionaires.
- Profiles of the top billionaires provide an overview the Asian economy and its role in global business.
- The Asian economy is fueled by family, personal relationships and business connections, not just money.
- Connections within the Chinese network of relationships are called guanxi.
- Powerful families control a majority of the largest businesses in Asia.
- Ultimately, Chinese will become the dominant language on the Internet.
- The U.S. may lead in Internet usage, but Japan and Europe lead in the technology.
- Singapore is predicted to be the world's wealthiest country by 2020.

### Rating (10 is best)

| Overall  | Applicability | Innovation | Style    |
|----------|---------------|------------|----------|
| <b>7</b> | <b>5</b>      | <b>9</b>   | <b>9</b> |

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## Relevance

### What You Will Learn

In this Abstract you will learn: 1) How relationships and familial ties influence Asian business; 2) How Asian economies have responded from the downturn of the 1990s, and which countries have rebounded, and 3) The identities and biographies of Asia's richest people.

### Recommendation

Geoff Hiscock profiles Asia's top 100 billionaires in this fascinating overview of the region's economic landscape. The first half of the book examines the Asian economy, setting the stage for the later depictions of the Asian rich and famous. Hiscock's in-depth reporting shines, as does his conversational style. *getAbstract.com* recommends this book to all readers with an interest in the global economy.

## Abstract

### Asian Economy

The Asian business world is home to hundreds of thousands of entrepreneurs, and by some estimates, more than 100,000 U.S.-dollar millionaires. The combined net worth of Asia's top 100 billionaires is more than U.S. \$300 billion. By looking at these top 100 — how they came by their money, how they coped with the dramatic changes to the Asian business scene that followed the regional financial crisis and how they are making the most of opportunities in the new economy — you can get a dramatic overview of the growing Asian economy itself.

Japanese billionaire [Toshihiro Maeta](#) of Mobilephone Telecommunications says, "The United States may be the first in Internet usage, but Japan and Europe are leading the technology." Nicholas Negroponte, head of the Massachusetts Institute of Technology's Media Lab, believes that ultimately Chinese will become the dominant language on the Internet because China's one billion-plus population will outnumber English speakers online.

Throughout the economics of Asia, money is only part of business success. From the free-wheeling capitalism of Hong Kong to the market socialism of Vietnam and the technology of Singapore, the wheels of commerce run on power, prestige, influence, favors given and received, family fortune, and what the Chinese call *guanxi*, or connections. When you have the right *guanxi*, anything is possible. Without it, even the simplest business deals can come unstuck for unfathomable reasons.

*Guanxi* isn't just a Chinese tradition. The Japanese, the Koreans, the Indians, and the members of the ASEAN (Association of South East Asian Nations) block each have their own special connections when doing business. It can all be distilled to an essence of trust and credibility: who vouches for whom.

This is the ultimate in networking, and in a very real sense, Asian networking has been a forerunner of the electronic networks exemplified in modern commerce by the Internet. Six main economic groups in Asia work via networking:

1. Japanese
2. Koreans

"It is likely that the state of the relationship between Beijing and Tokyo will determine from which business sectors the next wave of billionaires emerges."

"China is shaping up as the next big source of initial public offerings. But, as always with China, it will be a case of buyer beware."

“Some of the Asian billionaires intend to stay fiercely private, while others have already decided that the best strategy is to take parts of their companies public.”

“Computer guru Nicholas Negroponte, head of the Massachusetts Institute of Technology’s Media Lab, thinks that in the long run, Chinese will become the dominant language online.”

“Whatever the political or economic climate, new entrepreneurs will pop up somewhere to take advantage of the situation.”

3. Mainland Chinese
4. Ethnic or overseas Chinese
5. Pribumi and bumiputera (indigenous) business leaders of Indonesia and Malaysia
6. Family dynasties of India, including the non-resident Indians.

Some of these networks, including the Japanese keiretsu company linkages and the Korean chaebol conglomerates were seriously weakened in the late 1990s by political pressure and economic circumstance.

While Japan still dominates at the corporate level, much big moneymaking business ebbs and flows through unlisted family groups, who essentially are Chinese, even those with Indonesian, Thai, or Filipino names. Only India challenges the ethnic Chinese in terms of family empires. But, while there are an estimated 57 million ethnic Chinese abroad, there are only about 18 million ethnic Indian abroad.

Asia’s most successful businessmen have followed a consistent pattern: From the basics of food and shelter, they move gradually up the value chain to embrace sectors such as real estate, construction, manufacturing, banking, transport, telecommunications and now the Internet.

Most of the jobs and the physical infrastructure that will exist in Asia in 2010 have yet to be thought of, let alone created or built. The billionaires who will lead Asian business in the near future haven’t even begun their journey yet. In fact, their products and services may not even exist today.

### **The Billionaires**

The number of Asian billionaires by country is as follows:

- Japan: 20
- Hong Kong: 16
- Philippines: 12
- Taiwan: 11
- Malaysia: 10
- India: 9
- Indonesia: 6
- Korea: 6
- Singapore: 5
- Thailand: 4
- Brunei: 1

### **Richest of the Rich**

The richest of the billionaires is Masayoshi San of Japan. He is the founder and president of Softbank Corp., and his estimated net worth is U.S. \$18 billion. Born in 1957, he was educated at Holy Names College in Oakland, California and the University of California, Berkeley, where he graduated with a Bachelors Degree in Economics in 1980. He is married to Masami Son, and has two daughters. His hobbies include golf and painting.

Since 1994, he has been on the road to becoming one of the biggest players in the world’s computer, multimedia, and Internet services industry. He now heads an investment empire based on Internet business, and Softbank is the holding company for what he plans will be 780 affiliates spread across the globe. The number of affiliates will not hit 800, because that number would conflict with the Japanese proverb “uso happyaku,” or 800 lies.

“Even in grid-locked cities where air quality is poor, Asian consumers will still want cars to call their own.”

“Anyone can aspire to join Asia’s new wealth club. In theory it could have an unlimited number of members, and by some estimates, Asia is already home to more than 100,000 U.S.-dollar millionaires.”

“Most of the new jobs and the new physical infrastructure that will exist in Asia in 2010 have yet to be thought of, let alone created or built.”

San is a third generation ethnic Korean. His grandfather migrated to the Japanese island of Hyushu. San has never lived in Korea, and in fact his investments into that country evoked the usual protests about foreign business invaders. After graduating from Berkley, he left the U.S., and returned to Japan, where in 1981 he set up Softbank to handle software distribution. By the early 1990s, the company’s software sales were rising, and San was ready for his massive expansion plans.

He took Softbank public in 1994 with an IPO that raised more than U.S. \$600 million. In 1995, San purchased Ziff-Davis Publishing Co. for U.S. \$2.1 billion, which included *PC Magazine* and *PC Week*.

In 1996, San stunned Japan’s staid broadcasting world when, in partnership with Rupert Murdoch, head of News Corporation, he took a 22% stake in Japanese television station TV Asahi. They intended to tap into a stream of Japanese language content for their JskyB satellite broadcasting joint venture. But, in 1997, San and Murdoch sold their stake back to the Asahi group. Two months later, they welcomed Sony and the powerful Fuji TV network as 20% partners and content providers in JskyB. In 1998, JskyB agreed to merge with PerfectTV, and the new company, SkyPerfectTV, planned to offer shares on Tokyo’s over-the-counter market in 2001.

In 1996, San entered into the Internet with an investment in Yahoo! Inc. that would prove fantastically profitable and paved the way for his plan to create an Internet financial conglomerate.

Softbank’s international reach has grown through joint ventures in financial and health services. In 2000, he entered into joint-venture investment fund for developing countries with the World Bank. He also brought the failed Nippon Credit Bank and presided over the successful launch of Nasdaq Japan.

### **The Kretek King**

The 100th-ranked Asian billionaire is Indonesian Putera Sampoerna and family. He is the president-director of PT Hanjaya Mandala Samoerna, with an estimated net worth of U.S. \$1 billion. Born in 1948 in Indonesia, he was educated at the University of Houston, in the U.S. He is married to Katie Chow and has four children.

The aroma of clove-flavored kretek cigarettes is among the first distinctive smells to greet the senses in Indonesia. Putera Sampoerna is known as the Kretek King, and his listed PT Hanjaya Mandala Samperna has about 25% of the urban market, behind industry leader Gudang Garam, which has around 45%. Sampoerna owns plants in Malaysia, Myanmar and the Philippines. The company produces a variety of cigarette types, and their hand-rolled Dji Sam Soe clove cigarette brand is the market leader in the premium segment.

The family comes from China’s Fujian province, like most of the ethnic Chinese families who have risen to prominence in Indonesian commerce. Putera’s grandfather arrived in Surabaya, where the company’s factories are still located, in 1913 and began making clove cigarettes. Later, the family business expanded into rubber plantations and palm oil, followed by residential development. In 1986, Putera became president-director (chief executive), taking over from his father. He then expanded the range of products and introduced the completely new low-tar, low-nicotine clove cigarette, the A-Mild, in 1989.

“Japan as number one? When it comes to Asia’s billionaires at the start of a new business era, the answer very clearly is yes.”

“In our society, yesterday’s hacker can be today’s millionaire, and if he over-reaches his cash flow and is forced back to his street stall to begin all over again, nobody will think worse of him but will admire his courage for trying that hard.” [Sir David Ford]

The Sampoerna family began to diversify away from the clove cigarette market, first through offshore expansion by the acquisition of Singapore-listed telecommunications equipment company Transmarco in 1996. In 1998, Putera’s eldest son Jonathan, then only 25, was named executive chairman of Transmarco.

In 1996, Putera made a surprise U.S. \$260 million purchase of a 12.6% stake in Indonesia’s largest car assembler, PT Astra International. He went on to build his stake to 15% and entered into an informal alliance with fellow Astra investors Bob Hasan, Anthony Salim, Prajogo Pangestu and Bank Danamon to steer Astra on a more focused track. But the 1997-98 downturn left the company with more than its share of financial troubles. In 2000, the Indonesian government sold its stake in Astra for U.S. \$500 million.

The Sampoerna family now holds a little more than 55% of HM Sampoerna, with Putera owning 5.3% himself. After 10 years of solid profits, the company reported a heavy loss in 1998, mainly from foreign exchange costs associated with its U.S. \$400 million of foreign debt. Due to a debt-restructuring program and better economic conditions in Indonesia, the company’s share price rebounded by June 2000.

### Singapore Leads the Way

Singapore leads the Asian region in what has become the prime indicator of 21st-century advancement: Internet penetration of homes. A survey at the end of 1999 showed that Singapore’s Internet access rate was 42%, putting it ahead of the United States (40%), Australia (22%), and Japan (13%).

One reason Singapore leads the way is that Singapore Cable Vision, the monopoly cable television provider, spent U.S. \$300 million in the late 1990s to hook up 99% of homes to a broadband network capable of delivering high-speed Internet access, video, data and voice services.

Luxury is something that Singapore’s people can easily afford. The Japan Centre for Economic Research projects that it may be the world’s wealthiest country by 2020, with a per capita gross national product of more than U.S. \$145,000, ahead of current leaders Switzerland, Scandinavia, Japan, the United States, Germany and France.

## About The Author

Geoff Hiscock is the International Editor of Australia’s national daily newspaper, *The Australian*. Based in Sydney, he travels extensively through Asia. During a 30-year media career, he has lived and worked in Tokyo, Hong Kong, and Bangkok.

## Buzz-Words

ASEAN / Bumiputers / Chaebol / Guanxi / Keiretsu/ Pribumi